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COUNTY OF LOS ANGELES
OFFICE OF THE AUDITOR-CONTROLLER

BIENNIAL REPORT
TO THE BOARD OF SUPERVISORS
FISCAL YEAR 1981-82 AND 1982-83

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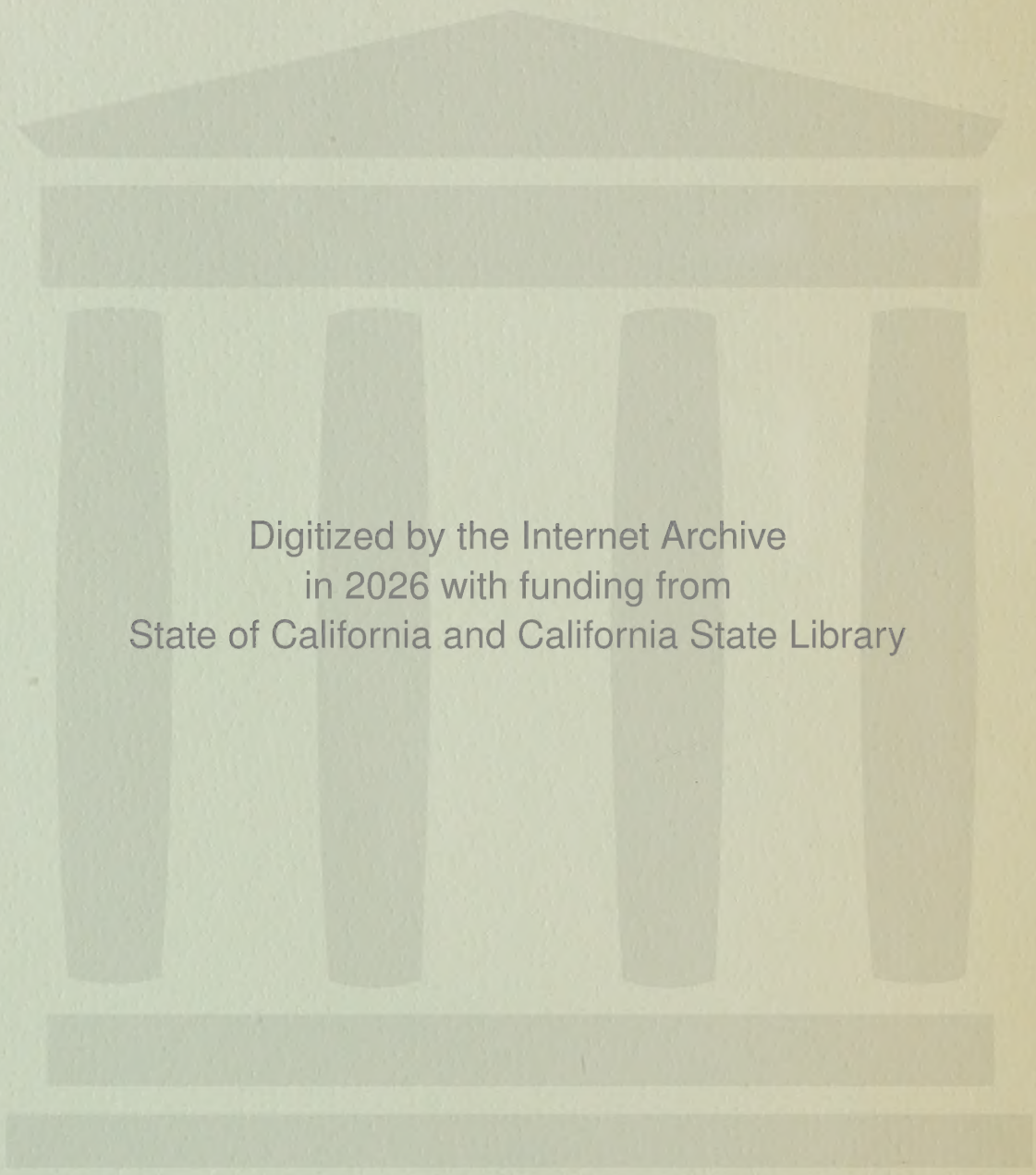

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COUNTY OF LOS ANGELES

DEPARTMENT OF AUDITOR-CONTROLLER
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RK H. BLOODGOOD
TOR-CONTROLLER

THOMAS J. KOZLOWSKI
DANIEL O. IKEMOTO
ASSISTANT AUDITOR-CONTROLLERS

September 30, 1983

Honorable Board of Supervisors
County of Los Angeles
383 Hall of Administration

Gentlemen:

In compliance with the provisions of Section 2.06.060 of the Los Angeles County Code, I am submitting my report of the activities of the Auditor-Controller's Office for the fiscal years 1981-82 and 1982-83.

The duties and responsibilities of the Auditor-Controller arise from provisions of the State Constitution, State laws, the County Charter, and various ordinances, resolutions and orders of the Board of Supervisors.

The Auditor-Controller serves as auditor, accounting officer, controller, and paymaster for County departments and all districts under the control of your Honorable Board, and for all school districts within the County and the Flood Control District.

Since Proposition 13, our funded staffing level has decreased from 546 in 1977-78 to 380.8 in 1982-83, a reduction of 30.3%, and to 367 for 1983-84. Since most of the functions of the department are mandatory and cannot be deleted, it is fortunate that when Proposition 13 passed, we were already in the process of automating several of our systems and streamlining various procedures. The implementation of these changes and the development of further productivity improvements through computerization, updating and monitoring of work measurement standards, and consolidation of functions have allowed us to operate within the reduced staffing levels while not significantly reducing service levels other than in the auditing function. The reductions in the audit staff have greatly diminished our ability to respond in a timely manner to special assignments without disrupting and delaying mandatory financial audits and beneficial economy and efficiency audits.

A description of departmental activities and comparative statistics are included in this report.

Sincerely yours,

Mark H. Bloodgood

MARK H. BLOODGOOD
AUDITOR-CONTROLLER

MHB:pm
Attachment

BIENNIAL REPORT
AUDITOR-CONTROLLER
FISCAL YEARS 1981-82 AND 1982-83

ACTIVITIES BY DIVISION

Accounting Division: Provides data control for input to the computerized accounting system to ensure proper maintenance of centralized accounting records, and exercises accounting control over all financial transactions of the County, school districts and special districts; compiles and publishes Proposed and Final Budgets, Taxpayers' Guide, Statement of Bonded Indebtedness, Annual Report of Financial Transactions; and maintains accounting control over receipts, licenses and permits, and all real and personal property owned by the County.

Audit Division: Conducts financial post audits of County departments, special districts, and concessionaires; conducts operational audits of County departments, makes cost studies and special surveys; processes, audits and makes collections on franchises, concessions and oil royalty contracts.

Disbursements Division

General Claims Section: Maintains trust accounts; audits claims and pays for materials and supplies, acquisitions of real property, services rendered, expenses of officers and employees, judgments and damages, refunds and assessments for all County offices.

Special Claims Section: Prepares County payroll; processes court orders and special district claims; pre-audits and pays bond and interest maturities; processes claims for workers compensation and for board and care of court wards.

Transportation Section: Arranges for transportation of County and special district officials and employees, and for transportation of indigents, minors and court witnesses.

Systems Division: Coordinates all data processing activities of the Auditor-Controller; develops and installs systems related to County-wide accounting records and controls; conducts a work measurement program within the Department of Auditor-Controller.

Tax Division: Checks and certifies assessed valuations; extends tax rates and makes charges against the Tax Collector; processes tax refunds and cancellations; provides accounting control over funds to be allocated to Community Redevelopment Agencies; apportions tax revenues to public agencies.

Welfare Financial Services Division: Issues and accounts for all warrants for welfare including aid to dependent children, the indigent and payments to vendors who supply goods or services to welfare recipients; investigates and institutes action for collection of forged and duplicate County warrants.

MAJOR ACCOMPLISHMENTS

Enhancements to County-wide Payroll System (CWPAY)

During the last two years, we have implemented several enhancements to CWPAY, which is the automated system for controlling payroll expenses and providing payroll issuances.

We implemented the Direct Deposit feature, which allows the payment to the employee to be deposited directly in the financial institution of the employee's choice. This means of payroll issuance is less costly to the County than warrants--it enhances productivity in all departments, and it eliminates fraudulent cashing of warrants.

Also, CWPAY now provides for automated issuances of supplemental payroll amounts, which has resulted in a reduction in clerical positions needed to process the payments. A further reduction in positions, and related services and supplies expense, was achieved by combining mileage reimbursement payments to employees with payroll payments.

Operational Auditing

Our auditors devote at least half of their efforts to reviewing efficiency, productivity, and cost containment methods, and to making recommendations to management to improve the effectiveness of operations in County departments.

In the last two years, approximately 100 operational audits were performed, resulting in recommendations for revenue enhancements, cost savings, and position deletions in various departments. In addition, operational reviews were included in approximately 60 financial audits. We estimate that implementation of our recommendations would result in savings exceeding fifteen million dollars, with savings continuing into future periods.

"Proposition A" Contract Reviews

Our auditors have implemented procedures to review for validity the cost comparisons developed by departments for potential "Proposition A" contracts.

During the last two years, we have reviewed over 100 contracts which have resulted in millions of dollars of savings.

Revenue Enhancements

We have enhanced revenue received by the department in two areas. We implemented a program for billing cities and special districts for placing benefit assessments on the property tax rolls.

Revenue Enhancements cont'd

We also established an in-plant travel agency in our Transportation Section, thereby receiving reimbursement revenue to the level of costs incurred in its operation.

Certificate of Conformance for Financial Reporting

For the first time, we received a Certificate of Conformance from the Municipal Finance Officers' Association for the County's comprehensive annual financial report for the 1981-82 fiscal year. This certification, which is usually not awarded on the first attempt, represents the highest form of recognition in governmental accounting and financial reporting.

WORKLOAD

The number of warrants drawn and direct deposit transactions is one of the best overall measures of the workload processed by this office. The following chart shows that the number of issuances decreased in 1982-83 by 2.5% from 1981-82, while the staffing level decreased by 5.8%. Over the last ten years, the number of issuances decreased by 22.9% while the staffing level decreased by 30.2%.

		Report Period		% Change
	1972-73	1981-82	1982-83	(10 Years)
Warrants/Direct Deposit Issuances:				
Bonds	7,508	7,077	7,205	(4.0)%
General	813,515	309,735	296,324	(63.6)%
Payroll	2,197,282	1,986,667	1,801,772	(18.0)%
Retirement	170,235	299,480	282,202	65.8%
Special	684,035	873,406	918,152	34.2%
Schools	3,177,955	3,178,714	2,969,117	(6.6)%
Welfare	7,921,608	5,174,912	5,264,687	(33.5)%
Total Issuances	14,972,138	11,829,991	11,539,459	(22.9)%
Auditor-Controller Budgeted Positions	545.4	404.3	380.8	(30.2)%

REVENUE

The department prepares budget estimates for collection of revenue for such departmental accounts as accounting and auditing fees, civil process services, staff work to allocate interest among funds, charges to cities and special districts for benefit assessments, and the in-plant travel agency; and for non-departmental accounts such as licenses and permits, royalties, rents and concessions, and assessment fees. Revenues received for the report period were as follows:

REVENUE cont'd

	1981-82	1982-83
General Fund		
Departmental	$ 596,661	$ 2,302,807*
Non-Departmental	15,510,444	18,904,616
Total General Fund	$16,107,105	$21,207,423

EXPENDITURES

Expenditures and commitments of our department for the two fiscal years were as follows:

	1981-82	1982-83
Salaries and Employee Benefits	$10,210,451	$10,817,610
Services and Supplies	6,506,159	6,690,469
Fixed Assets	7,455	25,127
Total Expenditures - Gross	$16,724,065	$17,533,206
Less Costs Applied	6,079,371	6,692,840
Total Expenditures - Net	$10,644,694	$10,840,366

*Includes one-time-only revenue of $1,174,820 from schools fund.

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AUDIT DIVISION

DEPARTMENT OF AUDITOR-CONTROLLER

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Biennial report to the Board of
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